

GEM HOLDINGS US CORPORATION

NOTICE TO COBALT COAL LTD.
900,903 – 8th Ave SW
Calgary Alberta T2P 0P7

[] August 2017

Dear Sirs

Share Purchase Agreement dated 24 August 2015 (as amended) relating to Clinchco Met Coal Inc. ("the Share Purchase Agreement")

We refer to the:

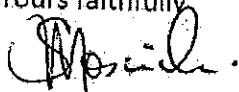
1. "Demand Notice" dated 7 July 2017;
2. "Confirmation of Continuing Default" and "additional Notice of Default" dated July 8 2017;
3. "Notice of Default" dated 15 July 2017; and
4. "Notice of Cancellation" dated 24 August 2017 relating to the Share Purchase Agreement ("the Cancellation Notice")

(together "the Purported Notices") purported to have been given pursuant to the Share Purchase Agreement.

None of the Purported Notices have been given in accordance with the provisions of clause 14.1 of the Share Purchase Agreement which requires notices addressed to the Buyer, namely GEM Holdings US Corporation, to be delivered by post or by hand to 16a Gashouse Lane, High Street, Wetherby, West Yorkshire LS22 6LT United Kingdom. Each of the Purported Notices is therefore invalid.

Without prejudice to our rights in respect of any breach by you of the Share Purchase Agreement and the misrepresentations made by you in relation to the subject matter thereof and the liabilities and assets of Clinchco Metallurgical Coal Incorporated and its subsidiaries (which misrepresentations have materially hindered our ability to comply with the terms of the Share Purchase Agreement) and, further, without prejudice to our right to dispute the validity of the Purported Notices, we hereby give notice to you pursuant to Article 5 (i)(ii) (i) of the Third Addendum and Waiver dated March 29 2017 that we will, in lieu of cancellation of the Share Purchase Agreement purported to made pursuant to the Cancellation Notice, pay the Remaining Balance as defined in such Article should the Purported Notices prove to be valid.

Yours faithfully



GEM Holdings US Corporation